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# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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DOGM  
MINERALS PROGRAM  
FILE COPY

January 3, 1990

Mr. Richard D. McNeely  
District Manager  
Western States Minerals Corporation  
4975 Van Gordon Street  
Wheat Ridge, Colorado 80033

Dear Mr. McNeely:

Re: Request for Continued Time Extension, Finalization of Permit Transfer and Release of Reclamation Surety, Drum Mine, M/027/007, Millard County, Utah

The Division has received your letter dated December 8, 1989, which described the extenuating circumstances that have caused the continued delay in resolving the permitting and reclamation differences between Western States Minerals Corporation (WSMC) and Jumbo Mining Company (Jumbo).

You indicated that your legal counsel has advised that the remaining differences should be worked out within a few weeks. You also indicated that WSMC hoped to initiate the reclamation plan as soon as the negotiations are finalized.

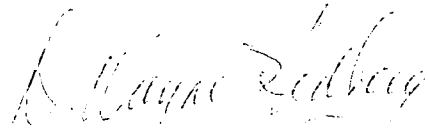
The Division has been anxious to help both companies finalize this agreement so that we can release WSMC from its outstanding reclamation responsibilities and get a (timely) start on the pending reclamation test plots. Proper timing for implementing the revegetation test plots is crucial to the success of the program and minimizing the long-term costs of reclamation.

We encourage both companies to resolve their differences as soon as possible so that the permit transfer process can be finalized and WSMC's reclamation surety can be released.

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If we can help you accomplish this goal, please contact us at your earliest convenience. Thank you for keeping us informed regarding the status of this permitting issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Wayne Hedberg".

D. Wayne Hedberg  
Permit Supervisor/Reclamation  
Hydrologist

jb  
cc: Ed King, Jumbo  
Phil Allard, BLM, Warm Springs RA  
Lowell Braxton  
Holland Shepherd  
M027007.1